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MEMORANDUM
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2011 JUL 20 P 4:47

TO: Docket Control

FROM: Steve Olea
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: July 20, 2011

RE: STAFF REPORT FOR NAVOPACHE ELECTRIC COOPERATIVE, INC.'S
APPLICATION FOR AUTHORIZATION TO INCUR DEBT AND SECURE
LIENS ON ITS PROPERTY TO FINANCE ITS 2010-2013 CONSTRUCTION
WORK PLAN. (DOCKET NO. E-01787A-11-0165)


Attached is the Staff Report for the Cooperative's application for authority to incur debt and encumber property. Staff recommends partial approval.

Any party who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before August 2, 2011.

SO:JCM:kdh

Originator: Juan C. Manrique

Arizona Corporation Commission
DOCKETED
JUL 20 2011

DOCKETED BY 

Service List for: Navopache Electric Cooperative, Inc.
Docket No. E-01787A-11-0165

Mr. William Sullivan
Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
501 East Thomas Road
Phoenix, Arizona 85012-3205

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**


**NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0165**

**APPLICATION FOR AUTHORITY TO
INCUR DEBT AND ENCUMBER PROPERTY**

JULY 20, 2011

STAFF ACKNOWLEDGMENT

The Staff Report for Navopache Electric Cooperative, Inc. Docket No. E-01787A-11-0165 is the responsibility of the Staff members listed below. Juan C. Manrique is responsible for the financial analysis. Prem Bahl is responsible for the engineering review.



JUAN C. MANRIQUE
PUBLIC UTILITIES ANALYST I



PREM BAHL
UTILITIES ENGINEER

EXECUTIVE SUMMARY
NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0165

On April 15, 2011, Navopache Electric Cooperative, Inc. ("Navopache" or "Cooperative"), filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to secure long-term financing for its 2010-2013 Construction Work Plan ("CWP").

Navopache is a non-profit, member-owned Class "A" Arizona public service corporation operating out of Pinetop-Lakeside, Arizona, providing approximately 39,000 customers with electric distribution service. The Cooperative seeks authorization to incur up to \$49,329,000 in long-term debt from the Federal Financing Bank ("FFB"), guaranteed by the Rural Utilities Service ("RUS"). A 35-year amortizing loan at approximately 5.00 percent per annum is anticipated for the long-term financing.

As of December 31, 2010, Navopache's capital structure consisted of 3.0 percent short-term debt, 69.5 percent long-term debt, and 27.5 percent equity. Staff calculated a pro forma capital structure reflecting issuance of a \$49,329,000 35-year amortizing loan at 5.00 percent per annum plus issuance of a \$7,000,000 35-year amortizing loan at 5.25 percent which represents the as yet unused portion of a financing authorization previously granted by the Commission. That capital structure is composed of 2.2 percent short-term debt, 81.3 percent long-term debt and 16.5 percent equity. Staff also calculated pro forma times interest earned ("TIER") and debt service coverage ("DSC") ratios of 0.65 and 0.84, respectively. The DSC results show that cash flow from operations is not sufficient to cover all obligations.¹ However, the Cooperative does have sufficient cash flows from operations to incur a portion of the proposed debt.

Staff calculated that the Cooperative can incur up to \$28,000,000 of the proposed \$49,329,000 loan and maintain a DSC of 1.00. Navopache also has a pending rate case before the Commission.² The Cooperative requests a \$3,413,663 increase in revenues. According to Staff's analysis, an increase in test year revenues of \$1,323,913 with the corresponding increase in operating income would produce sufficient cash flow from operations to cover all obligations including the entire proposed \$49,329,000 loan. Staff also calculated that, in the event that the Commission authorizes an increase in revenues less than \$1,323,913, the Cooperative could service \$16,000 of additional debt for each \$1,000 increase in revenue.

Staff concludes that the Cooperative's proposed capital projects are appropriate and that the related cost estimates are reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

¹ However, under RUS' methodology, the Cooperative has a TIER and DSC of 1.31 and 1.26, respectively, as well as operating TIER ("OTIER") of 1.24 and operating DSC ("ODSC") of 1.12. The loan covenants state that the TIER and DSC must be above 1.25 and OTIER and ODSC must be above 1.1. The Cooperative, therefore, meets the lender's TIER, DSC, OTIER and ODSC covenants required for the financing. Nevertheless, the Cooperative does not generate sufficient cash flow from operating activities to provide debt service on the proposed loan.

² Docket No. E-01787A-11-0186

Staff further concludes that issuance of the proposed debt financing for the purposes stated in the application is within Navopache's corporate powers, and as recommended by Staff is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends:

- Authorizing Navopache to execute agreements to incur an amortizing debt in an amount not to exceed \$49,329,000 for a period of 33 to 37 years at the prevailing interest rate from the RUS/FFB.
- Restricting the amount of draws on the debt authorizations granted herein to \$28,000,000 until the effective date of rates authorized by the Commission that increase its revenues; and authorizing additional draws of \$16,000 for each \$1,000 of authorized increase in revenue effective on the same date as the new rates such that a \$1,333,000 or greater increase in revenue would allow Navopache to make additional draws of \$21,329,000³ ($\$1,333,000 \div \$1,000 \times \$16,000$) for the \$49,329,000 (\$28,000,000 + \$21,329,000) amount requested.
- Authorizing Navopache to pledge, mortgage, lien and/or encumber its assets in the State of Arizona pursuant to A.R.S. § 40-285 in connection with the RUS/FFB loan.
- Authorizing Navopache to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.
- Staff further recommends that Navopache file with Docket Control, as a compliance item in this matter, copies of the loan documents within 60 days of the execution of any financing transaction authorized herein.
- Staff further recommends that any authorization to incur debt granted in this proceeding terminate on December 31, 2015.

³ Rounded.

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INTRODUCTION

On April 15, 2011, Navopache Electric Cooperative, Inc. ("Navopache" or "Cooperative"), filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to secure long-term financing for its 2010-2013 Construction Work Plan ("CWP").

PUBLIC NOTICE

On June 30, 2011, the Applicant filed an affidavit of publication verifying public notice of its financing application. The Applicant published notice of its financing application in the *White Mountain Independent* and the *Fort Apache Scout* on June 17, 2011. The *White Mountain Independent* is a semi-weekly newspaper of general circulation in the City of Show Low, County of Navajo, Arizona. The *Fort Apache Scout* is a biweekly newspaper of general circulation in the City of Whiteriver, County of Navajo, Arizona. The affidavit of publication is attached along with a copy of each Notice.

BACKGROUND

Navopache is a non-profit, member-owned Class "A" Arizona public service corporation operating out of Pinetop-Lakeside, Arizona, providing approximately 39,000 customers with electric distribution service.

Navopache's current rates were approved in Decision No. 64293, dated December 28, 2001.

On April 29, 2011, Navopache filed an application with the Commission requesting approval of rates to provide approximately \$3.4 million of additional revenue.⁴

COMPLIANCE

There are no compliance issues with the Cooperative.

PURPOSE AND DESCRIPTION OF THE REQUESTED FINANCING

The purpose of Cooperative's request for financing is to fund its 2010-2013 Construction Work Plan ("CWP").

The Cooperative seeks authorization to incur up to \$49,329,000 in long-term debt from the Federal Financing Bank ("FFB"), guaranteed by the Rural Utilities Service ("RUS"). A 35-year amortizing loan at approximately 5.00 percent per annum is anticipated for the long-term financing.

⁴ Docket No. E-01787A-11-0186.

ENGINEERING ANALYSIS

The Staff Engineering Memorandum is attached. Staff reviewed the Cooperative's proposed capital improvements and found the project costs appropriate and the related cost estimates reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

FINANCIAL ANALYSIS

Staff's analysis is illustrated on Schedule JCM-1. Column [A] reflects the Cooperative's historical financial information for the year ended December 31, 2010. Column [B] presents pro forma financial information that modifies Column [A] to reflect a 35-year, \$7,000,000 amortizing loan at 5.25 percent per annum which represents the as yet unused portion of a financing authorization previously granted by the Commission. Column [C] is Column [B] modified to reflect issuance of the proposed \$49.33 million long-term debt financing amortized for 35 years at 5.00 percent per annum. Column [D] is Column [B] modified to reflect issuance of a \$28.00 million long term debt financing amortized over 35 years at 5.00 percent per annum. Column [E] reflects issuance of the proposed \$49.33 million long term debt financing amortized for 35 years at 5.00 percent and the minimum Operating Income needed to achieve a 1.00 DSC.

Times Interest Earned Ratio ("TIER") and Debt Service Coverage Ratio ("DSC")

TIER represents the number of times earnings cover interest expense on short-term and long-term debt. A TIER greater than 1.0 means that operating income is greater than interest expense. A TIER less than 1.0 is not sustainable in the long-term but does not mean that debt obligations cannot be met in the short-term.

DSC represents the number of times internally generated cash will cover required principal and interest payments on short-term and long-term debt. A DSC greater than 1.0 indicates that cash flow from operations is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of funds is needed to avoid default.

Schedule JCM-1, Column [A] shows that for the year ended December 31, 2010, the Cooperative's TIER and DSC were 1.54 and 1.46, respectively. The pro forma TIER and DSC for the Cooperative under the scenario described above for Column [C] are 0.65 and 0.84, respectively. The pro forma TIER and DSC for the Cooperative under the scenario described above for Column [D] are 0.83 and 1.00, respectively. The pro forma TIER and DSC for the Cooperative under the scenario described above for Column [E] are 0.92 and 1.00, respectively. The pro forma DSC results show that the maximum amortizing long-term debt the Cooperative

can incur with its current rates is \$28,000,000. The pro forma 1.00 DSC under this scenario represents Staff's methodology.⁵

Navopache's pending rate case before the Commission requests a \$3,413,663 increase in revenues. According to Staff's analysis, an increase in test year revenues of \$1,323,913 with the corresponding increase in operating income would produce sufficient cash flow from operations to cover all obligations including the entire proposed \$49,329,000 loan. Staff also calculated that, in the event that the Commission authorizes an increase in revenues less than \$1,323,913, the Cooperative could service \$16,000 of additional debt for each \$1,000 increase in revenue.

Capital Structure

At December 31, 2010, the Cooperative's capital structure consisted of 3.0 percent short-term debt, 69.5 percent long-term debt, and 27.5 percent equity (Schedule JCM-1, Column [A], lines 20-26). Staff calculated a pro forma capital structure reflecting issuance of a \$49,329,000 35-year amortizing loan at 5.00 percent per annum plus issuance of a \$7,000,000 35-year amortizing loan at 5.25 percent, which represents the as yet unused portion of a financing authorization previously granted by the Commission. That capital structure is composed of 2.2 percent short-term debt, 81.3 percent long-term debt and 16.5 percent equity (Schedule JCM-1, Column [C], lines 20-26).

Encumbrance

Arizona Revised Statutes ("A.R.S.") § 40-285 requires public service corporations to obtain Commission authorization to encumber certain utility assets. The statute serves to protect captive customers from a utility's act to dispose of any of its assets that are necessary for the provision of service; thus, it serves to preempt any service impairment due to disposal of assets essential for providing service. Pledging assets as security typically provides benefits to the borrower in the way of increased access to capital funds or preferable interest rates, and it is often an unavoidable condition for procurement of funds for small or financially stressed entities.

CONCLUSION AND RECOMMENDATIONS

Staff concludes that the Cooperative's proposed capital projects are appropriate and that the related cost estimates are reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

⁵ Under RUS' methodology, the Cooperative has a TIER and DSC of 1.31 and 1.26, respectively, as well as operating TIER ("OTIER") of 1.24 and operating DSC ("ODSC") of 1.12. The loan covenants state that the TIER and DSC must be above 1.25 and OTIER and ODSC must be above 1.1. The Cooperative, therefore, meets the lender's TIER, DSC, OTIER and ODSC covenants required for the financing as well as Staff's TIER and DSC calculations for the Column [E] scenario.

Staff further concludes that issuance of the proposed debt financing for the purposes stated in the application is within Navopache's corporate powers and, as recommended by Staff, is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends:

- Authorizing Navopache to execute agreements to incur an amortizing debt in an amount not to exceed \$49,329,000 for a period of 33 to 37 years at the prevailing interest rate from the RUS/FFB.
- Restricting the amount of draws on the debt authorizations granted herein to \$28,000,000 until the effective date of rates authorized by the Commission that increase its revenues; and authorizing additional draws of \$16,000 for each \$1,000 of authorized increase in revenue effective on the same date as the new rates such that a \$1,333,000 or greater increase in revenue would allow Navopache to make additional draws of \$21,329,000⁶ ($\$1,333,000 \div \$1,000 \times \$16,000$) for the \$49,329,000 (\$28,000,000 + \$21,329,000) amount requested.
- Authorizing Navopache to pledge, mortgage, lien and/or encumber its assets in the State of Arizona pursuant to A.R.S. § 40-285 in connection with the RUS/FFB loan.
- Authorizing Navopache to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted.
- Directing Navopache to file with Docket Control, as a compliance item in this matter, copies of the loan documents within 60 days of the execution of any financing transaction authorized herein.
- Ordering termination of any authorization to incur debt granted in this proceeding that remains unused by December 31, 2015.

⁶ Rounded.

FINANCIAL ANALYSIS

	[A] ¹ 12/31/2010	[B] ² Pro forma	[C] ³ Pro forma	[D] ⁴ Pro forma	[E] ⁵ Pro forma
1 Operating Income	\$3,176,087	\$3,176,087	\$3,176,087	\$3,176,087	\$4,500,000
2 Depreciation & Amort.	\$3,532,302	\$3,532,302	\$3,532,302	\$3,532,302	\$3,532,302
3 Income Tax Expense	\$0	\$0	\$0	\$0	\$0
4					
5 Interest Expense	\$2,058,336	\$2,424,129	\$4,878,471	\$3,817,256	\$4,878,471
6 Repayment of Principal	\$2,547,012	\$2,618,643	\$3,151,790	\$2,921,267	\$3,151,790
7					
8					
9 TIER					
10 [1+3] ÷ [5]	1.54	1.31	0.65	0.83	0.92
11					
12 DSC					
13 [1+2+3] ÷ [5+6]	1.46	1.33	0.84	1.00	1.00
14					
15					
16					
17					
18 Capital Structure					
19					
20 Short-term Debt	\$2,547,012	\$2,618,643	\$3,151,790	\$ 2,921,267	\$3,151,790
21					
22 Long-term Debt	\$58,968,678	\$65,897,047	\$114,692,900	\$83,594,423	\$114,692,900
23					
24 Common Equity	\$23,276,322	\$23,276,322	\$23,276,322	\$23,276,322	\$23,276,322
25					
26 Total Capital	\$84,792,012	\$91,792,012	\$141,121,012	\$ 119,792,012	\$141,121,012
27					
28					
29					
30					
31					
32					
33					
34					
35					

¹ Column [A] is based on the Company's Financial Statements for the year ended December 31, 2010.

² Column [B] is Column [A] modified to reflect issuance of 7.0 million of outstanding debt authorizations amortized for 35 years at 5.25 percent.

³ Column [C] is Column [B] modified to reflect issuance of the proposed \$49.33 million long term debt financing amortized for 35 years at 5.00 percent.

⁴ Column [D] is Column [B] modified to reflect issuance of a \$28.0 long term debt financing amortized over 35 years at 5.00 percent

⁵ Column [E] reflects issuance of the proposed \$49.33 million long term debt financing amortized for 35 years at 5.00 percent and the minimum Operating Income that would achieve a 1.00 DSC.

**STAFF REPORT
NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0165**

Introduction

On April 15, 2011, Navopache Electric Cooperative, Inc., ("NEC," "Navopache" or "Cooperative"), filed an application ("Application") for financing authorization to borrow \$49,329,000 from the Federal Financing Bank ("FFB") for a term of 35 years guaranteed by the Rural Utilities Service ("RUS"). The purpose of this borrowing is to fund NEC's 2010 – 2013 Construction Work Plan ("Work Plan," "Plan," or "CWP").

Utility Overview

Navopache is a class "A" public service corporation, providing electric service in Navajo, Apache, Gila and Greenlee counties in east-central Arizona, and Catron County, New Mexico.

Navopache receives all its power requirements from the Public Service Company of New Mexico ("PNM") to serve its customers' needs. NEC operates 263 miles of 69 kV sub-transmission lines and 2,194 miles of 14.4/24.9 kV distribution lines.

Customer and Load Growth

NEC's total number of customer meters grew from 36,974 meters in 2005 to 39,123 meters by the end of 2010, which amounts to an average growth of 1.16% per year. NEC's distribution system coincident peak load has seen unusual fluctuations between 2005 and 2010 due to cold winters in 2007 and 2009 and the economic down-turn in 2010. In this time period, the NEC load varied between a low of 72.9 MW in 2005, to a high of 88.6 MW in 2007, 80.8 MW in 2008, 86.1 MW in 2009 and then dropping to 75.5 MW in 2010. Therefore, the annual change ranged between a high of 21.5% in 2007 and a low of -12.3% in 2010. NEC's peak load is now projected to grow at a more moderate annual rate of 3% until economic conditions improve.

Staff's Analysis

Staff reviewed the Cooperative's Application and the 2010-2013 Work Plan. Staff also sent verbal and written data requests, and spoke with Chuck More, Manager, Engineering Services, regarding the Work Plan budget. Navopache provided a written response to Staff's questions.

In assessing the Work Plan, Staff utilized the following criteria:

- Does the Plan adequately address the needs of the projected customer and load growth in Navopache service territory?

- Are the capital expenditures on transmission and distribution infrastructure upgrades and new additions appropriate and reasonable?
- Do the new infrastructure components and upgrades included in the Plan contribute to enhancement of system reliability?

Projected Capital Expenditures

The Cooperative's 2010-2013 Work Plan lists the capital expenditures on transmission and distribution system upgrades and new infrastructure. These expenditures relate to new underground and overhead distribution lines for line extensions, subdivisions and other new services; new feeders and tie lines; replacement of old wooden poles, and changes in distribution lines. The Work Plan also covers expenditures for miscellaneous distribution system upgrades, including pole mounted transformers, voltage regulators, metering equipment, etc.

The Work Plan calls for Navopache to construct 75 miles of new distribution lines, 11.9 miles of tie-lines and make 35.9 miles of conversions and line changes. Some of the capital projects in the Plan are highlighted below:

- construct approximately 4.0 miles of 3-phase 1/0 ACSR¹ to improve the voltage drop and system reliability in the Vernon area.
- rebuild approximately 15.0 miles of 3-phase 6A CWC² to 4/0 ACSR to improve the tie between Concho and St. Johns Substations.
- rebuild approximately 3.5 miles of 3-phase 6A CWC to 4/0 ACSR to improve the voltage drop and system reliability to the Hunt Valley area.
- construct a new substation in the Vernon area to improve overall service to an area which has experienced load growth.
- rebuild Heber Substation increasing the capacity from 7.5/9.375 MVA to 12/16/20 MVA.
- construct a new 3-phase 477 kcmil³ ACSR tie line (approximately 4.6 miles) from Round Valley Substation to connect to a circuit from Greer Substation to provide a reliable looped backup circuit to the Greer area.
- add a second 10 MVA transformer to Springer Mountain Substation to provide additional substation capacity due to the increased load in the area.
- construct approximately 2.7 miles of 3-phase 500kcmil underground and 2.2 miles of 3-phase 477 kcmil ACSR to maintain system reliability and to improve operational flexibility between Wagon Wheel Substation and Linden Substation.
- rebuild approximately 2.9 miles of 3-phase 1/0 CU to 3-phase 477 kcmil ACSR to provide a reliable tie between Wagon Wheel and Springer Mountain Substations.

¹ Aluminum Cable Steel Reinforced

² Copper Weld Conductor

³ A unit of sectional area of the electric conductor

- add a second 10 MVA transformer and four new feeder breakers at Wagon Wheel Substation due to the increased load on Wagon Wheel Substation.
- construct new Headquarters Facilities in two phases. Phase I for warehousing, metering, and operational facilities. Phase II for administration facilities.
- expanding the present "AMR⁴"/ "AMI⁵" system from approximately 5,000 meters to approximately 20,000 meters by installing 5,000 meters per year during the 2010-2013 Work Plan period.

The Work Plan also includes replacement of some transmission switches, Supervisory Control and Data Acquisition upgrades, microwave communication system improvements, replacing line reclosers and voltage regulators and primary conductor replacements.

Total expenditures associated with the Work Plan are \$51,856,000, as listed in Table 1 below.

TABLE-1
SUMMARY OF NAVOPACHE CONSTRUCTION WORK PLAN 2010-2013 BUDGET

(Dollars)					
<u>Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TOTALS</u>
New Services, Tie Lines and Line Conversions	4,701,000	3,391,000	2,801,000	3,178,000	14,071,000
New Substations & Substation Changes	417,000	2,322,000	1,904,000	161,000	4,804,000
Misc. & Other Distribution	3,988,000	4,359,000	4,529,000	4,584,000	17,460,000
Line & Station Changes and Other Transmission Lines	1,479,000	122,000	1,829,000	91,000	3,521,000
Warehouse/Headquarter Facilities	7,000,000	0	0	5,000,000	12,000,000
TOTALS					51,856,000

Navopache's 2010-2013 CWP budget, included in the Application, is \$56,329,000. \$7,000,000 for the construction of Warehouse Facility in 2010 will be secured from the previously Commission approved loan (Decision No. 68691, as amended by Decision Nos. 71859 and 72010). Subtracting \$7,000,000 from \$56,329,000 leaves the sum of \$49,329,000, which is requested by the Cooperative to be approved as a new loan. Of the 2010-2013 CWP budget of \$56,329,000 included in the Application, \$4,473,000 relates to the capital projects

⁴ Automatic Meter Reading

⁵ Automatic Meter Information

completed in the previous CWP with internal funds, leaving \$51,856,000 as shown in the above Table 1.

System Reliability

Additions of new sub-transmission and distribution facilities and upgrades of existing infrastructures, included in NEC's 2010-2013 Plan, will result in improvement of system reliability and in meeting the projected system load in a reliable and cost effective manner.

Conclusions

Based on the aforementioned review of Navopache's sub-transmission and distribution projects as included in its 2010-2013 Work Plan and other information, Staff believes that these projects are appropriate to meet the projected demand of the Cooperative's new customers and will help ensure enhancement of system reliability through the upgrades of existing electric facilities, replacement of aged underground cables, and the addition of new sub-transmission and distribution facilities. Staff further concludes that the costs associated with these projects appear to be reasonable. However, this does not imply a specific treatment for rate base or rate making purposes.

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2011 JUN 30 1 P 4: 22

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

GARY PIERCE, CHAIRMAN

BOB STUMP

SANDRA D. KENNEDY

PAUL NEWMAN

BRENDA BURNS

IN THE MATTER OF THE APPLICATION
OF NAVOPACHE ELECTRIC
COOPERATIVE, INC., AN ELECTRIC
COOPERATIVE NONPROFIT
MEMBERSHIP CORPORATION, FOR
AUTHORIZATION TO SECURE A
\$49,329,000 RUS GUARANTEED
FEDERAL FINANCING BANK LOAN
AND TO PLEDGE, MORTGAGE, LIEN
AND/OR ENCUMBER UTILITY ASSETS
IN RELATION THERETO.

DOCKET NO. E-01787A-11-0165

NOTICE OF FILING AFFIDAVITS OF
PUBLICATION

Navopache Electric Cooperative, Inc. ("Navopache" or "Cooperative") by and
through undersigned counsel, hereby files its Notice of Filing of Filing Affidavits of
Publication. Publication was made on June 17, 2011 in the White Mountain Independent and
the Fort Apache Scout, newspapers distributed in Navopache's service area as reflected on the
Affidavits of Publication attached hereto.

/ / /

/ / /

/ / /

1 RESPECTFULLY SUBMITTED this 30th day of June, 2011.

2 CURTIS, GOODWIN, SULLIVAN,
3 UDALL & SCHWAB, P.L.C.

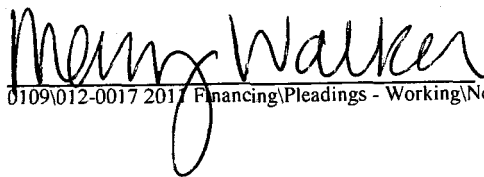
4
5 By: 

6 Michael A. Curtis
7 William P. Sullivan
8 Melissa A. Parham
9 501 East Thomas Road
10 Phoenix, Arizona 85012-3205
11 Attorneys for Navopache Electric
12 Cooperative, Inc.

13
14 PROOF OF AND CERTIFICATE OF MAILING

15 I hereby certify that on this 30th day of June, 2011, I caused the foregoing
16 document to be served on the Arizona Corporation Commission by delivering the original and
17 thirteen (13) copies of the above to:

18 Docket Control
19 Arizona Corporation Commission
20 1200 West Washington
21 Phoenix, Arizona 85007

22
23
24
25


0109\012-0017 2011 Financing\Pleadings - Working\Notice of Filing - Affidavits

State of Arizona)
)ss.
County of Navajo)

Affidavit of Publication

White Mountain Independent

**PUBLIC NOTICE OF
AN APPLICATION FOR AN ORDER
AUTHORIZING THE ISSUANCE OF
\$49,329,000 INDEBTEDNESS**

Navopache Electric Cooperative, Inc. ("Company") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing Applicant to borrow \$49,329,000 from the Federal Financing Bank guaranteed by the Rural Utilities Service to finance the Company's RUS approved Work Plan. The Application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona as Docket No. E-01787A-11-0165 and at the Company's office at 1878 W. White Mountain Blvd., Lakeside, Arizona 85929.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
 2. A short statement of the proposed intervenor's interest in the proceeding.
 3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
 4. A statement certifying that a copy of the Motion to Intervene has been mailed to the Applicant c/o Michael A. Curtis, Curtis, Goodwin, Sullivan, Udall & Schwab, PLC, 501 East Thomas Road, Phoenix, Arizona 85012.
- The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.

Published in the White Mountain Independent
June 17, 2011
(WMI 5457 N, A, 1x, 6/17/11)s

I, Diane R. Janot being first duly sworn, depose and say: I am the agent of the White Mountain Publishing Company, publisher of the White Mountain Independent, a semi-weekly newspaper of general circulation published at Show Low, County of Navajo, Arizona and that the copy hereto attached is a true copy of the advertisement as published in the White Mountain Independent on the following dates:

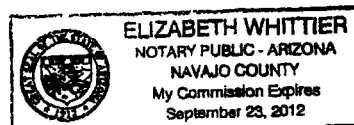
June 17, 2011

White Mountain Independent

Sworn to me this day of

June 20, 2011, A.D.

Elizabeth Whittier
Notary Public





OFFICIAL NEWSPAPER OF THE WHITE MOUNTAIN APACHE TRIBE • FORT APACHE INDIAN RESERVATION

Navopache Electric Co-op
1878 W. White Mountain Blvd.
Lakeside, Arizona 85929

DATE	INVOICE
06/20/11	3783

DESCRIPTION	AMOUNT
2X7 Advertisement - June 17, 2011 issue	56.70
<p>APPROVED BY <u><i>Perkins</i></u> DATE <u>6/23/11</u> ACCT # _____</p>	

Thank you for your business.

TOTAL \$56.70

P.O. BOX 890 • WHITERIVER, AZ 85941 • Phone: (928) 338-4813 • (928) 338-4814 • Fax: (928) 338-1894

PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF \$49,329,000 INDEBTEDNESS

Navopache Electric Cooperative, Inc. ('Company') filed an Application with the Arizona Corporation Commission ('Commission') for an order authorizing Applicant to borrow \$49,329,000 from the Federal Financing Bank guaranteed by the Rural Utilities Service to finance the Company's RUS approved Work Plan. The Application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona as Docket No. E-01787A-11-0165 and at the Company's office at 1878 W. White Mountain Blvd., Lakeside, Arizona 85929.

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
 2. A short statement of the proposed intervenor's interest in the proceeding.
 3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
 4. A statement certifying that a copy of the Motion to Intervene has been mailed to the Applicant c/o Michael A. Curtis, Curtis, Goodwin, Sullivan, Udall & Schwab, PLC, 501 East Thomas Road, Phoenix, Arizona 85012.
- The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that all Motions to Intervene must be filed on, or before, the 15th day after this notice.

Registration Drive for the White Mountain Apache Tribe

Date: Friday, June 24, 2011

Place: Carrizo Assembly of God Church, Carrizo, Arizona

Time: 10:00 a.m. - 2:00 p.m.

Sponsored By: Gila County Recorder's Office

If you would like to register to vote, update your voter's paper or have changed your address in the past months, or party preference, come visit us at this location. Everyone is welcome

Thank You,
Vino Burnette, Sr., Voter Outreach,
Gila County Recorder's Office

NOTICE OF VACANCY CIBECUE COMMUNITY SCHOOL CHIEF SCHOOL FINANCIAL OFFICER

Qualifications: Demonstrated experience in school finance including fiduciary responsibilities over all funds. Responsible for the following functions: comptroller, budget, purchasing, food services, payroll, accounts payable, insurance benefits, internal audit, general accounting, child nutrition accounting, activity funds, risk management, fixed assets and other business related functions.

Salary is \$
resume and 3 professional references
Superintendent at
or fax to (928)332-2341,
of Instruction at
(928)332-2341.

Thompson!

SPONSORS: DANCE... family. Co-Sponsors: Aaron & Tamara Lee. Location: Old Fairgrounds, Whiteriver.

August 5-7 In honor of Amber C. Burnette. Sponsors: Caroline Burnette. Co-Sponsors: Cline & Dortha Griggs. Location: Seven Mile baseball field.

August 26-28 In honor of Carlotta Joy Hill. Sponsors: Dean Hill Sr. & family. Co-Sponsors: Location: McNab baseball field.

August 26-28 In honor of Joyseim Pitluta. Sponsors: Sergio & Edith (Harvey) Pitluta. Co-Sponsors: Frank Dorinda (Thompson) Ivins. Location: Old baseball field

August 26-28 In honor of Kinscha Joy Hill. Sponsors: Roman & Joyce (Henry) P. & Harley Hill. Co-Sponsors: Crystal Quintero & family. Location: Carrizo (rodeo grounds)

Sept 2-4 In honor of Keisha Nadia Decay. Sponsors: Bernayn Edwards & family. Co-Sponsors: Dallas & Rosemary (Dale) Lupe. Location: Old Fairground Whiteriver.

Sept. 16-18 In honor of Danielle Karicenna Togi. Sponsors: Anita E. Chen

See **DANCE**,

File Copy
Post Apache Scout
June 17, 2011